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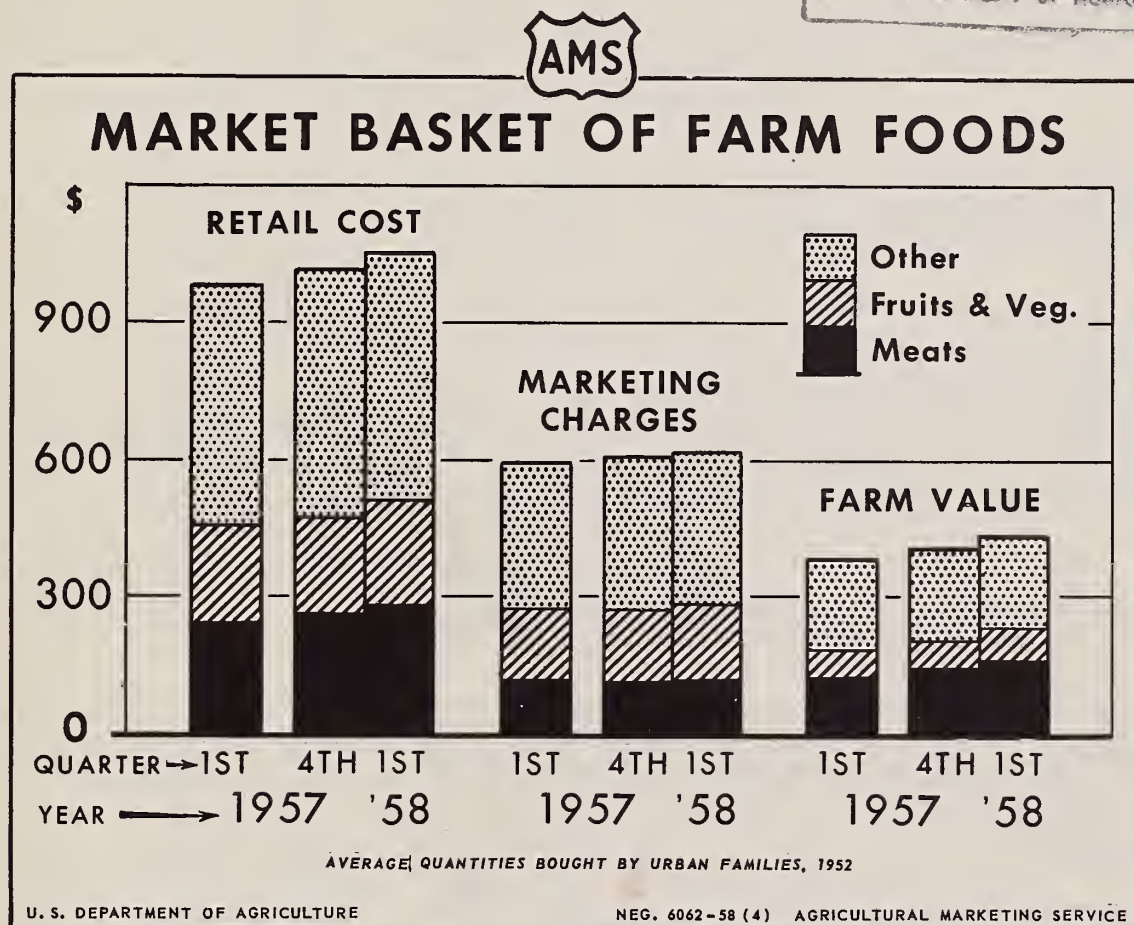
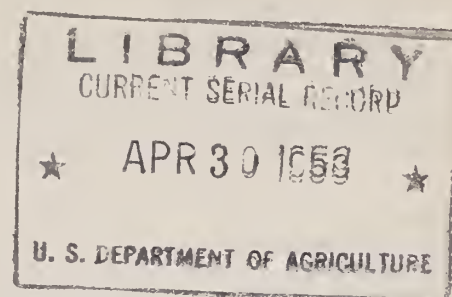
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April 1958
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APR. 29, A. M.

MARKETING and TRANSPORTATION SITUATION

MTS-129



The retail cost of the market basket of farm foods rose from an annual rate of \$1,015 in the fourth quarter of 1957 to \$1,054 in January-March 1958. Of this \$39 increase farmers received about \$29 (shown by the rise in the farm value) and marketing agencies received \$10. Higher prices for meat and meat animals, fresh vegetables, and citrus fruits accounted for most of the rise in the

retail cost and farm value. Marketing charges advanced for all groups of products except poultry and eggs.

The retail cost in the first quarter this year exceeded the previous high recorded in the third quarter of 1952. Marketing charges in the quarter just ended were 11 percent higher than in the earlier period while the farm value was 12 percent lower.

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UNITED STATES DEPARTMENT OF AGRICULTURE

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1957					1958
		Year	Jan.-Mar.	July-Sept.	Oct.-Dec.	Jan.-Mar.	
<u>Farm-to-retail price spreads</u>							
Farm-food market basket: 1/							
Retail cost	Dol.	1,007	982	1,030	1,015	1,054	
Farm value	Dol.	400	385	414	407	436	
Farm-retail spread	Dol.	607	597	616	608	618	
Farmer's share of retail cost	Pct.	40	39	40	40	41	
Cotton: 2/							
Retail cost	Dol.	56.50	56.41	56.54	56.60	---	
Farm value	Dol.	6.76	6.62	7.07	6.28	---	
Farm-retail spread	Dol.	49.74	49.79	49.47	50.32	---	
Farmer's share of retail cost	Pct.	12	12	13	12	---	
Tobacco: 3/							
Retail cost	Dol.	3.47	---	---	---	---	
Farm value	Dol.	.55	---	---	---	---	
Federal and State excise taxes	Dol.	1.37	---	---	---	---	
Farm-retail spread excluding excise taxes	Dol.	1.55	---	---	---	---	
Farmer's share of retail cost	Pct.	16	---	---	---	---	
<u>General economic indicators</u>							
Consumers' per capita income and expenditures: 4/							
Disposable personal income	Dol.	1,756	1,740	1,767	1,752	---	
Expenditures for goods and services	Dol.	1,638	1,626	1,653	1,638	---	
Expenditures for food	Dol.	440	435	446	441	---	
Expenditures for food as percentage of disposable income	Pct.	25	25	25	25	---	
Hourly earnings, production workers, manufacturing: 5/	Dol.	2.07	2.05	2.10	2.10	2.10	
Hourly earnings of food marketing employees 6/	Dol.	1.90	1.88	1.94	1.96	1.97	
Retail sales: 7/							
Food stores	Mil. dol.	3,981	3,821	4,135	4,116	4,193	
Apparel stores	Mil. dol.	1,020	992	1,087	1,059	1,004	
Manufacturers' inventories: 7/							
Food and beverage	Mil. dol.	4,802	4,867	4,689	4,627	4,670	
Textile	Mil. dol.	2,656	2,694	2,679	2,694	2,639	
Tobacco	Mil. dol.	2,013	2,030	1,924	1,912	1,915	
Indexes of industrial production: 8/							
Food and beverage manufactures	1947-49=100:	113	113	114	112	---	
Textiles and apparel	1947-49=100:	104	105	97	96	96	
Tobacco manufactures	1947-49=100:	110	114	106	---	---	
Index of physical volume of farm marketings	1947-49=100:	116	97	131	126	97	
<u>Price indexes</u>							
Consumer price index 5/	1947-49=100:	120	119	122	122	122	
Wholesale prices of food 5/	1947-49=100:	104	102	107	108	108	
Wholesale prices of cotton products 5/	1947-49=100:	91	92	90	90	89	
Wholesale prices of woolen products 5/	1947-49=100:	110	110	106	105	105	
Prices received by farmers 9/	1947-49=100:	89	86	89	91	93	
Prices paid by farmers 9/	1947-49=100:	114	113	115	115	116	

1/ Average quantities of farm food products purchased per wage-earner and clerical-worker family in 1952.

2/ 42 cotton articles of clothing and housefurnishings, weighted by average annual quantities bought by wage earners and clerical workers as reported in 1934-36 survey. Data are for last month of quarter. 3/ 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of tax-paid withdrawals. Preliminary data for the fiscal year beginning July 1956. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data.

5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1956 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board April 22, 1958

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SUMMARY

Retail prices of farm-produced food products averaged 7 percent higher in the first quarter this year than in the same period of 1957. Advances in farm prices accounted for about 70 percent of this increase and marketing charges for 30 percent. Much of the increase in retail and farm prices came in January and February.

Higher prices for meat and meat animals accounted for more than half the rise in retail and farm prices. Marketings of meat animals were down as a result of cyclical decreases in numbers and the withholding of stock by farmers for feeding or breeding.

Prices of fresh vegetables and citrus fruits rose sharply during the winter, mainly because of unfavorable weather.

Prices received by farmers for food products averaged 13 percent higher in the first quarter of 1958 than a year earlier. The quarterly average was the highest since January-March 1954.

Average unit marketing charges for farm food products were 4 percent higher in the first quarter than in the same period of 1957.

Operating costs of food marketing firms increased during the 12-month period just ended. Wages of food marketing workers, transportation charges, and prices of many things food marketing firms buy were higher in March than a year earlier.

Because of the greater increase in farm prices than in marketing charges, the farmer's share of the consumer's food dollar increased to 41 cents from 39 cents in the first quarter of 1957. The quarterly average farmer's share has varied from 39 to 52 cents since January 1, 1947.

Consumers' disposable income per person decreased slightly in the fourth quarter of 1957, but it remained larger than a year earlier. Real disposable income per person was about the same in both quarters. Consumers have spent about the same proportion of their income for food and clothing in each of the last few years. Preliminary estimates of disposable income indicate a further decline in the first quarter of this year. Although consumer income has declined, expenditures for food have been maintained at a high level and demand is likely to continue strong through 1958.

Special Features in This Issue

1. In December 1957 the railroads petitioned the Interstate Commerce Commission to permit selective increases in freight rates. The Commission allowed some requested rate increases to go into effect in February, partially suspended some, and entirely suspended others until September 1958. (For details see pp. 14-17.)
2. A report of a study recently conducted in Wisconsin shows how the farm-retail spread for three lots of processed cheese was distributed among marketing agencies (pp. 18-24).
3. Automation in handling eggs in packing plants, electronic blood spot detectors, and flash candling are bringing far-reaching changes in egg production and marketing. Recent and prospective changes are discussed in an article in this issue (pp. 25-27).
4. Many turkey growers still sell their birds on a live weight basis and at average flock-run prices; but now more growers are turning to the sale of their turkeys at prices established on ready-to-cook grades and weights. The Agricultural Marketing Service is studying the accuracy of the two pricing methods. For a report of this study see pages 28 to 32.
5. The size of many food-marketing firms has grown substantially since World War II. This development is affecting the production and marketing of farm products in many ways, some of which are not fully understood. Much of the growth has been achieved by acquiring other firms. The AMS has made a survey of acquisitions by firms in the bakery and dairy industries and in the wholesale and retail food trades. For a progress report see pages 33 to 38.

FARM-RETAIL PRICE SPREADS FOR FARM FOOD PRODUCTS

Retail Cost Rises to New High

Retail cost of the foods in the "market basket" rose to a record annual rate of \$1,054 in the first quarter this year. ^{1/} (See table on inside of front cover.) The previous record of \$1,051 was established in the third quarter of 1952.

The retail cost in the first quarter was 7 percent higher than in the same period of 1957. This gain resulted from higher prices for all the product groups except fats and oils (table 23, p. 42). But meat products and fruits and vegetables accounted for about three-fourths of it.

More than half this increase from the January-March 1957 level came in the first quarter this year when the retail cost of the market basket averaged 4 percent higher than in the preceding 3-month period. Most of the quarter-to-quarter rise was caused by higher prices for meats and fresh fruits and vegetables. (See cover chart.)

From the third quarter of 1952 until the first quarter of 1956 the movement in the retail cost generally was downward, accompanying the decline in farm prices. The retail cost, however, dropped less than the farm value ^{2/} as marketing charges increased in almost every quarter. Since early in 1956 both the retail cost and farm value have trended upward. The farm value has risen less than the retail cost as marketing charges have continued to increase. When the retail cost was at the 1952 high, the farm value was at an annual rate of \$494 compared with \$436 in the quarter just ended.

Farm Value 13 Percent Higher Than a Year Earlier

The farm value of the foods in the market basket rose to an average annual rate of \$436 in the first quarter this year compared with \$385 a year earlier. This was the highest quarterly average farm value since January-March 1954. A 30-percent increase for the meat products group accounted for much of the rise in the farm value of the market basket above the first quarter 1957 (table 23, p. 42). Higher farm prices for eggs and frying chickens boosted the farm value of the poultry and eggs group by 15 percent. Price increases for most of the fresh products in the fruits and vegetables group resulted in a 13-percent rise for that group. Lower farm prices for wheat caused most of the 5 percent decrease in the farm value of the bakery and cereal products group. A 16-percent drop for the fats and oils group resulted from lower prices for cottonseed, soybeans, and peanuts.

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home per urban wage-earner and clerical-worker family in 1952. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in "Farm-Retail Spreads for Farm Products," U. S. Dept. Agr., Misc. Pub. 741, 1957. The retail cost of all foods bought per family is more than the retail cost of the "market basket" of farm foods, which does not include imported foods, fishery products and other foods of nonfarm origin, or costs of meals purchased in public eating places.

^{2/} The farm value is the payment farmers received for the farm products equivalent to the foods in the market basket.

Table 1.- The farm food market basket: Retail Cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-58 ^{1/}

Year and month	Retail cost: <u>2/</u>	Farm value <u>3/</u>	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947	911	467	444	51
1948	982	497	485	51
1949	928	435	493	47
1947-49 average	940	466	474	50
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957 ^{4/}	1,007	400	607	40
<u>1957</u>				
Jan.	978	389	589	40
Feb.	988	380	608	38
Mar.	981	387	594	39
Apr.	992	395	597	40
May	1,000	392	608	39
June	1,014	401	613	40
July	1,029	411	618	40
Aug.	1,036	420	616	41
Sept.	1,026	411	615	40
Oct.	1,017	401	616	39
Nov.	1,011	407	604	40
Dec.	1,016	413	603	41
<u>1958</u>				
Jan.	1,042	420	622	40
Feb.	1,049	429	620	41

^{1/} The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in "Farm-Retail Spreads for Food Products," U. S. Dept. of Agr. Misc. Pub. 741, 1957.

^{2/} Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

^{3/} Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

^{4/} Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Agricultural Marketing Service.: :

More than half of the rise from the January-March 1957 level came during the first quarter of this year when farm prices of meat animals and most of the fresh fruits and vegetables rose rapidly. Mainly as a result of these increases, the farm value of the market-basket foods averaged 7 percent higher than in the final quarter of 1957 (table 23, p. 42). The substantial increases for the meat products and fruits and vegetables groups and a negligible increase for the bakery and cereal products group more than offset decreases in the farm values of the other product groups.

Marketing Charges Resume Upward Trend

After dipping in the fourth quarter last year, charges for assembling, processing, and distributing farm food products advanced sharply from December to January. The marketing margin, or spread between the farm value and retail cost of the foods in the market basket, was at an annual rate of \$619 in the first quarter this year, 2 percent wider than in October-December 1957. ^{3/} Advances in marketing charges for each of the product groups except poultry and eggs contributed to this increase; the fruits and vegetables group accounted for much of it (table 24, p. 43). Marketing charges for this group increased sharply from December to January when farm prices rose.

The total farm-retail spread for the foods in the market basket was 4 percent wider in the quarter just ended than in the first quarter last year. Marketing charges for all product groups except poultry and eggs were higher than a year earlier.

Marketing charges, as measured by the total farm-retail spread, have advanced in all but 11 of the 45 quarters beginning with the first quarter of 1947 and ending with the first quarter this year. The only downward movements that continued for more than one quarter came in the July 1949-March 1950 and October 1954-March 1955 periods. There seems to be a tendency for the spread to contract slightly from the fourth to the first quarter.

Operating Costs.- Costs of performing marketing functions in the first quarter of this year probably were higher than a year earlier and may have increased in recent months. Average hourly earnings of food marketing firm employees were 5 percent higher in February (the latest month for which data are available) than in the same month of 1957. Much of this increase has come since July.

Railroads increased their freight rates in August 1957 and again last February (see p. 14). Most regulated truckers raised their rates during this period. Likewise, exempt haulers probably raised their rates, but rate information is not available for them. The full effect of the latest increases in rail and truck rates probably has not yet been reflected in marketing charges.

^{3/} The marketing margin or farm-retail spread is an estimate of the charges made by marketing agencies for assembling, processing, transportation, and distributing the farm products in the market basket.

Prices of containers and packaging materials, machinery, motortrucks, and other things marketing firms buy generally were higher in the first quarter this year than a year earlier but have remained steady in recent months.

Profits (after taxes) as a percentage of sales of leading bakery and sugar refining companies averaged higher in 1957 than in 1956, while those of other food processing companies generally were down (p. 11). Profits of chain food store companies averaged the same in both years.

Increase in Farmer's Share

Farmers received 41 cents of the dollar consumers spent for farm foods in the first quarter of 1958, 1 cent more than in the previous quarter and 2 cents more than in January-March 1957 (table 24, p. 43). ^{4/} The quarterly average farmer's share has varied from 39 to 52 cents since January 1, 1947. It was 47 cents in the third quarter of 1952 when the retail cost of food was at its previous high.

Big Increases for Meat Products

Prices received by farmers for all species of meat animals were higher in the first quarter this year than in the previous 3-month period or in January-March 1957. Prices were up because marketings were down. Marketings of cattle and hogs have been affected by cyclical reductions in numbers. It has been many years since the cyclical lows for cattle and hogs came at the same time. Also, recovery of pastures since the drought ended last year, plentiful supplies of feed grains, and favorable prospects for prices have caused farmers and ranchers to delay marketing fed cattle and hogs and to hold back more animals for breeding.

The retail price of Choice grade beef averaged 78.2 cents per pound in the quarter just ended compared with 66.4 cents in the same period last year (table 23, p. 42). The farm value increased a little more than the retail cost as the farm-retail spread decreased slightly. Both the live-wholesale and wholesale-retail segments of the farm-retail spread for beef were a shade smaller (table 2).

The farm value of pork was 5.6 cents higher in the first quarter of 1958 than a year earlier. Much of this increase came in the January-March period just ended. Marketing charges for pork products increased slightly during the year, so the retail cost was up 6.3 cents from 56.8 cents in January-March 1957 to 63.1 cents per pound in the first quarter this year (table 23, p. 42). The wholesale-retail segments of the farm-retail spread increased slightly but the live-wholesale segment did not change significantly (table 3).

^{4/} Estimates of the division of retail cost between farmers and marketing agencies are based on concurrent prices at the farm and retail levels, except for processed fruits and vegetables and sugar. During a period of rising prices, the farmer's share calculated on this basis is somewhat larger than the share derived by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

Table 2.- Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1957-58 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)					Wholesale-retail (per 100 pounds carcass weight)		
	Price of steers <u>2/</u>	Wholesale value			Spread	Wholesale price <u>4/</u>	Retail value <u>5/</u>	Spread
		Carcass <u>3/</u>	Byproducts	Total				
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1957								
Jan.-Mar.	20.84	21.48	1.92	23.40	2.56	36.40	53.12	16.72
Apr.-June	22.85	23.39	2.15	25.54	2.69	39.65	55.76	16.11
July-Sept.	24.30	25.15	2.30	27.45	3.15	42.62	58.56	15.94
Oct.-Dec.	24.27	24.68	2.06	26.74	2.47	41.83	6/58.48	6/16.65
Average	23.06	23.68	2.11	25.79	2.73	40.12	56.48	16.36
1958								
Jan.-Mar.	27.08	27.36	2.17	29.53	2.45	46.37	62.53	16.16

^{1/} Quarterly data for 1949-55 are published in "Beef Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

^{2/} Weighted average of price at 21 leading public stockyards.

^{3/} Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

^{4/} Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

^{5/} Calculated from average retail prices of beef cuts in urban areas, published by Bur. of Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

^{6/} Revised.

Table 3.- Pork: Live-wholesale and wholesale-retail spreads by quarters, 1957-58 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)			Wholesale-retail (per 100 pounds major cuts)		
	Price of hogs ^{2/}	Wholesale value ^{3/}	Spread	Wholesale value ^{4/}	Retail value ^{5/}	Spread
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
<u>1957</u>						
Jan.-Mar.	17.76	23.45	5.69	6/42.70	56.57	6/13.87
Apr.-June	19.09	24.35	5.26	6/45.20	59.21	6/14.01
July-Sept.	20.77	26.49	5.72	6/49.16	65.16	6/16.00
Oct.-Dec.	18.08	23.73	5.65	6/43.56	6/58.92	6/15.36
Average	18.92	6/24.50	6/5.58	6/45.16	59.96	6/14.80
<u>1958</u>						
Jan.-Mar.	20.59	26.19	5.60	48.66	62.91	14.25

^{1/} Quarterly data for 1949-55 are published in "Pork Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

^{2/} Average price of 200-220 pound barrows and gilts, Chicago.

^{3/} Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

^{4/} Wholesale value of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

^{5/} Calculated from average retail prices of major pork cuts in urban areas, published by Bur. of Labor Statistics.

^{6/} Revised.

Sharp Increases for Most Fresh Fruits and Vegetables

Farm prices increased sharply during the winter for all of the fresh vegetables in the market basket except celery. The farm value of the fresh vegetables group was 49 percent higher in the first quarter of 1958 than in the same quarter last year and was at the highest level since the third quarter of 1952. Freezing weather and rains in Florida reduced shipments from that State. Supplies of carrots from California and Texas were short. Retail prices of fresh vegetables increased more than farm prices as marketing charges advanced for most items.

Prices of oranges and grapefruit in the first quarter this year were strongly affected by the freeze in Florida. Prices rose sharply at both the farm and retail level during the first quarter this year. The California crop of Navel oranges is short this season and a short Valencia crop is in prospect in California because of unfavorable weather last summer.

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: CORRECTION IN NOVEMBER 1957 ISSUE (MTS-127) :
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:
: The percentages given in the last paragraph of page 34 :
: were incorrect. The paragraph with the correct percent- :
: ages reads: :
:
: In 1954, sales made by establishments sponsoring, or :
: affiliated with sponsors of, voluntary organizations of :
: independent retail food stores accounted for 33 percent :
: of all sales made by general-line merchant wholesalers, :
: and establishments owned and operated cooperatively by :
: groups of independent food retailers buying collectively :
: had about 18 percent. Each type of establishment had a :
: larger share of the total sales than in 1948. Cash-and- :
: carry food depots, with about 2 percent of the total in :
: 1954, had a little smaller share than in 1948. Establish- :
: ments of other general-line merchant wholesalers had 47 :
: percent of the total, compared with 59 percent in 1948. :
:

NET INCOME OF FIRMS MARKETING FARM PRODUCTS, 1956 AND 1957

Total net income (after taxes) of the leading firms in most food processing industries was somewhat higher in 1957 than in 1956, according to data compiled by the First National City Bank of New York from financial reports published so far this year (table 4). Increases ranged from 1 percent for corporations manufacturing miscellaneous food products to 39 percent for sugar refining companies. Meat packing corporations, on the other hand, reported 41 percent decrease in net income.

Table 4.- Net income of leading corporations marketing agricultural products, 1956 and 1957

Industrial groups	Number of corporations	Reported net income after taxes					
		Total		As percentage of net assets ^{1/}		As percentage of sales	
		1956	1957	1956	1957	1956	1957
		1,000 dollars	1,000 dollars	Percent	Percent	Percent	Percent
Processing:							
Food -							
Baking	18	60,641	65,388	12.2	12.6	3.3	3.4
Dairy products ...	11	98,432	102,266	12.4	12.1	2.6	2.5
Meat packing	14	64,051	37,698	7.6	4.3	.9	.5
Sugar	23	40,339	55,997	6.6	8.9	3.7	4.9
Other food products	88	346,257	350,016	11.7	11.3	4.2	3.9
Total	154	609,720	611,365	---	---	---	---
Other -							
Brewing	21	27,531	26,627	7.7	7.2	3.3	2.5
Distilling	10	80,276	87,587	6.9	7.3	3.0	3.6
Tobacco products ..	20	175,182	192,094	12.1	12.7	5.1	5.2
Textile products ..	72	183,339	168,194	6.7	5.9	3.6	3.1
Clothing and apparel	49	33,314	29,898	7.8	6.6	3.2	2.9
Distributing:							
Chain food stores ...	34	130,714	150,417	15.4	15.8	1.4	1.4
Department and specialty stores ...	63	201,186	205,991	10.4	10.1	2.9	2.8

^{1/} Book net assets at the beginning of the year are based on the excess of total balance-sheet assets over liabilities.

Compiled from "Monthly Letter, Business and Economic Conditions," The First National City Bank of New York, Apr. 1958.

Processors of nonfood farm products also had mixed earnings reports (table 4). The combined net income (after taxes) of tobacco product manufacturers was 10 percent higher than in 1956. But earnings of textile products manufacturers and clothing and apparel manufacturers were lower by 8 percent and 10 percent, respectively.

The combined net income (after taxes) of chain retail food store companies was 15 percent higher and that of department and specialty store corporations was 2 percent higher in 1957 than in 1956.

Year-to-year changes in ratios of net income (after taxes) to book value of net assets as well as in ratios of net income to sales were mixed among the food processing groups (table 4). Only the baking and sugar refining firms made increases. Declines were greatest for the meat packing companies.

Net income of manufacturers of textile products and of clothing and apparel manufacturers was lower in 1957 than in 1956, both as a percentage of net assets and as a percentage of sales.

CONSUMER INCOMES AND EXPENDITURES

Disposable personal income 1/ (seasonally adjusted) averaged about \$1,752 per person in the fourth quarter of 1957 compared with \$1,767 in the preceding 3 months and \$1,736 in the fourth quarter of 1956 (table 5). Real disposable income 2/ per person declined about 2 percent during this period.

Consumer expenditures (seasonally adjusted) also were slightly smaller in the fourth quarter last year than in the preceding quarter but were about 2 percent larger than in the fourth quarter of 1956. Consumers spent about the same proportions of their income for durable and nondurable goods in 1957 as in 1956, but they increased slightly the proportion spent on services. The proportions spent on food and clothing have not changed significantly in recent years.

According to preliminary estimates, disposable income and consumer expenditures (both seasonally adjusted) were smaller in the first quarter this year than in October-December 1957. The decrease in expenditures was for durable goods. Sales in retail food stores reached a new record level in February. Consumer demand for food has been well maintained and is expected to remain strong this year.

Consumers spent an average of \$440 per person for food in 1957 -- about 4 percent more than in 1956. Higher prices accounted for most of this increase. Expenditures for food represented 25 percent of disposable income in 1957, the same proportion as in other recent years. However, the same quantity and types of food and services as those bought in 1935-39 would have cost only \$278, or 16 percent of disposable income (last two columns of table 5). Consumers bought more food, more expensive food, more meals in restaurants, and more of other marketing services than in the prewar period.

1/ Personal income less personal taxes.

2/ Personal disposable income adjusted for changes in the level of consumer prices.

Table 5.- Per capita food cost and expenditure related to disposable personal income, United States, average 1935-39, annual 1946-57

Year and quarter	Dispos- able personal income 1/	Total expendi- ture for consumer goods and services 1/	Food expenditure			Cost to consumer of fixed quantities of food representing 1935-39 average annual consumption per person 2/	
			Actual 1/	Percentage of -		Actual	Percentage of disposable income
				Dispos- able income	Total expendi- ture for goods and services		
	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Percent
1935-39 av.:	514	493	118.6	23	24	118.6	23
1946	1,126	1,037	286	25	28	201	18
1947	1,173	1,145	316	27	28	244	21
1948	1,279	1,211	337	26	28	256	20
1949	1,261	1,211	327	26	27	243	19
1950	1,359	1,279	336	25	26	245	18
1951	1,465	1,350	378	26	28	274	19
1952	1,512	1,391	391	26	28	279	18
1953	1,568	1,444	395	25	27	272	17
1954	1,567	1,457	396	25	27	272	17
1955	1,635	1,539	405	25	26	266	16
1956	1,708	1,588	424	25	27	269	16
1957	1,752	1,638	3/440	25	27	278	16
Annual rates, seasonally adjusted							
1956							
1st quarter:	1,672	1,572	3/419	25	27	262	16
2nd quarter:	1,703	1,579	3/422	25	27	269	16
3rd quarter:	1,713	1,593	3/426	25	27	273	16
4th quarter:	1,736	1,607	3/429	25	27	272	16
1957							
1st quarter:	1,740	1,626	3/425	25	27	273	16
2nd quarter:	1,758	1,632	3/439	25	27	277	16
3rd quarter:	1,767	1,653	3/446	25	27	282	16
4th quarter:	1,752	1,638	3/441	25	27	279	16

1/ Computed from data of the Dept. of Commerce.

2/ Cost to consumers of quantities of food representing average annual consumption per person during 1935-39; calculated by applying to the actual 1935-39 expenditure for food (\$118.60) a consumer food price index which is a weighted average of indexes representing (a) retail food prices in urban areas (Bur. Labor Statistics), (b) retail food prices in rural areas (Agr. Market. Serv.), and (c) prices received by producers applied to foods consumed on farms where produced.

3/ Total for 1957 and quarterly data are estimates by the Agr. Market. Serv. from expenditures for food and alcoholic beverages reported by the Dept. of Commerce. Alcoholic beverages are not included in food expenditures.

RECENT RAIL FREIGHT RATE INCREASES 1/

In its report of August 6, 1957, in Ex Parte 206, 2/ a case involving increases in the general level of freight rates, the Interstate Commerce Commission stated that it was clear that, by the end of 1957, the railroads would be faced with further increased costs resulting from (among other things) a rise in the payroll tax rate, wage increases stemming from a cost-of-living adjustment based on the Consumer Price Index, and increases in prices of materials. The Commission said that, when these increases occurred, it would entertain a petition to authorize "further moderate increases in such rates and charges to cover additional increases in expenses which have materialized." The Commission suggested further that consideration should be given to ways of increasing rates other than a general horizontal increase. The latter -- a percentage increase applying uniformly to most commodities -- is the approach which, for a good many years, has been used whenever the railroads have sought a general increase in revenue. A rate increase for that purpose is distinguished from upward or downward adjustments of rates on individual commodities or movements which -- for any of various reasons -- need special attention.

A main objection to a general horizontal increase is that it does not take into account the fact that shippers of different products and at various locations differ in ability and willingness to pay rates at the new, higher level. The selective approach is conducive toward treating differently the traffic which is likely to be lost by a rate increase and the traffic which is likely to continue with the railroads despite such an increase. An increase sometimes causes a shift to other modes of transport -- barge lines, truck lines, the shippers' own trucks, etc.

On December 23, 1957, the railroads petitioned the Interstate Commerce Commission in Ex Parte 212 to permit schedules incorporating selective rate increases to become effective February 1, 1958 (later postponed to February 15). The Commission allowed some of the rates to go into effect subject to a general investigation, partially suspended others until mid-September 1958, and suspended still others entirely until the same date, pending the outcome of the investigation. Those rate increases which were allowed to become effective are subject to a refund provision, should the increase be disapproved wholly or in part after investigation by the Commission.

The present status of the proposed increases in rates and charges dealing with agricultural products and some important farm materials and supplies is noted below. Regardless of the type of commodity, none of the new or increased accessorial charges -- charges other than the basic rate for hauling -- was approved in its entirety at this time. Note, for example, the suspension of a part of the proposed new charges for diversion. Hitherto this privilege, whereby the shipper names a different destination after the freight is on its way, has been available on some railroads without any separate charge for it.

1/ Prepared by Celia Sperling and Clem C. Linnenberg, Jr., Transportation Economists, Transportation and Facilities Branch, Agr. Market. Serv.

2/ See the Nov. 1957 issue of this Situation (MTS-127), p. 10, for an account of the railroad freight rate increases allowed in Ex Parte 206.

Rate increases allowed to go into effect pending investigation:

Commodity

I. Products of Agriculture 3 percent

Except:

Percentage increases with flat
minimum or maximum:

Proportional rates on grain and grain products	3 percent, minimum 0.5 cent per 100 pounds
Cotton	3 percent, maximum 3 cents per 100 pounds
Irish potatoes	3 percent, maximum 5 cents per 100 pounds

Flat increases:

Cottonseed	1 cent per 100 pounds
Dried and frozen fruits and vegetables	1 cent per 100 pounds
Edible nuts	1 cent per 100 pounds
Coffee	3 cents per 100 pounds
Hay and straw	5 cents per 100 pounds
Cereal food preparations	5 cents per 100 pounds
Fresh fruits and vegetables (other than oranges and grapefruit)	5 cents per 100 pounds

No increase requested:

Tobacco, dried beans and peas, oranges, and grapefruit	None
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II. Animals and Products

Percentage increases:

Hides, skins, and pelts	3 percent
Milk and cream	2 percent
Livestock	3 percent, minimum 5 cents per 100 pounds

Flat increases:

Meats, packinghouse products, and certain dairy products	1 cent per 100 pounds
Wool	5 cents per 100 pounds
Seafood and fish and sea animal oil	5 cents per 100 pounds

III. Products of Mines

Phosphate rock	10 cents per ton
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IV. Products of Forests

Percentage increases:

Lumber and related articles 2 percent
Logs, butts, bolts, fuel wood, and
specified products of forests ... 10 percent, maximum 3 cents
per 100 pounds
Resin and turpentine 2 percent

No increase requested:

Pulpwood None

V. Manufactures and Miscellaneous

Percentage or flat increases:

Animal and poultry feed 3 percent
Fertilizer and fertilizer
materials 1 cent per 100 pounds or
20 cents per ton

No increase requested:

Gasoline None
Agricultural implements and parts None

Rate increases allowed to go into effect in part and suspended in part,
pending investigation:

<u>Item</u>	<u>Portion of Increase Suspended ^{1/}</u>
Shells (oyster, clam, or mussel)	Exceeding 3 percent; maximum of 12 cents per net ton permitted
Clay farm drain tile	Exceeding 2 cents per 100 pounds
Proposed increase in charges for stopping in transit for partial loading and unloading and for industrial switching	Exceeding 5 percent
Proposed new charges for diversion and reconsignment, and proposed increases in present charges for loading and unloading and diversion and reconsign- ment	Exceeding 10 percent

^{1/} Up to the limit noted, each of these increases was approved pending investigation.

Increases entirely suspended pending investigation:

<u>Item</u>	<u>Increase Suspended</u>
Waterborne traffic (rail traffic to ports)	6 cents per 100 pounds in line-haul rate of railroad performing port terminal service
Proposed new loading and unloading charges at New York and Philadelphia:	
Loading or unloading only	\$2.86 per ton
Loading or unloading, plus sorting, checking, etc.	\$4.09 per ton
Proposed reduction in free time at ports <u>2/</u>	Decrease

2/ For rail cars at ports where the freight is to become waterborne, the free time for delay in unloading would be reduced to 4 days, with exceptions.

Even in connection with a general increase in which the ICC authorizes a uniform percentage rise in the rates on most commodities, there are hold-downs. This means an upper limit, in cents per 100 pounds, to the amount of increase permitted by the ICC on each of various specified commodities. Nevertheless, in Ex Parte 212, the increases for which the railroads have sought authorization and also those tentatively allowed by the ICC are far more diverse than have been common in the "general horizontal" approach, such as that in Ex Parte 206. This is true if we look only at farm products and supplies or at the whole array of commodities. Among nonfarm products, there are numerous important commodities on which, in Ex Parte 212, the railroads seek no increase. Among farm products, the "no increase" approach in Ex Parte 212 is less conspicuous.

When the ICC authorizes a general horizontal increase, the railroads sometimes refrain from taking the entire authorized increase on particular commodities or movements in which they believe they will lose too much traffic if they take the full increase that is authorized. Ex Parte 212, the current rate case, involves -- as stated above -- a process which is selective at the very start. But a further selective process will probably be used by the railroads, in some degree, even in making use of the rate-increase authorizations tentatively permitted, or any granted later, in Ex Parte 212.

MARKETING COSTS AND MARGINS FOR PROCESSED CHEESE 1/

This report shows how the farm-retail price spread was distributed among the various processing and distributing agencies that participated in marketing three lots of processed cheese produced in Wisconsin in 1956. Since each variety, age, weight, and style of cheese is unique and since marketing channels vary, marketing margins for individual lots differ substantially. 2/ Those shown in this report are not necessarily typical in all respects.

Much of the cheese we consume in the United States is processed type. It is made by grinding and mixing several lots of natural cheese at high temperatures. To the mixture are added an emulsifying agent, salt, and sometimes cream. The characteristics of the finished product depend largely on the qualities of the natural cheeses selected for the mixture. A typical processor buys natural cheeses from an assembler who has bought his supply from natural cheese factories. The processor sells to wholesalers, chain-store companies, or other large-scale buyers.

Costs and Margins in Manufacturing Cheddar Cheese

This study starts with the delivery of milk at the Cheddar cheese factory and follows three vat lots of natural Cheddar cheese through steps used in the manufacture of processed cheese. The processed cheese is further followed through one or more of its regular marketing channels to the customer.

The vat lots of natural Cheddar cheese were manufactured on the following dates: Lot 1 - December 22, 1956; Lot 2 - May 30, 1956; Lot 3 - October 13, 1956. The price to farmers for milk used in the manufacture of these lots was the price announced by the plant for that particular period. This price was for milk delivered to the plant. A hauling charge was deducted from the announced price when milk was picked up at the farm and delivered to the plant by a contract hauler or by the plant's truck (table 6). Such charges often were less than the actual cost of hauling. The difference, usually referred to as a hauling subsidy, was paid by the plant to the hauler or was borne by the plant if its own facilities were used. In most cheese factories, the hauling subsidy is included as one cost of manufacture, and accounting procedures usually do not distinguish between milk-hauling and product-hauling costs.

1/ Prepared by J. Kenneth Little, Research Assistant, and Harlow W. Halvorson, Associate Professor, Department of Agricultural Economics, University of Wisconsin. (An Agr. Market. Serv. contract study.)

2/ The marketing margin is the difference between the retail price paid by the consumer and the payment to the farmer for equivalent farm products. In this study it is a measure of the charges for assembling, processing, transporting, and distributing the farm product.

Table 6.- Average cost of the quantity of milk equivalent to 1 pound of processed cheese, cost of hauling milk from farms to natural cheese factory, and net returns to farmers, 3 lots, Wisconsin, 1956

Item	Lot 1	Lot 2	Lot 3
	Cents	Cents	Cents
Cost of milk to plant ^{1/}	27.9	28.7	28.1
Hauling charge paid by farmers	1.3	.9	1.3
Net returns to farmers	26.6	27.8	26.8

^{1/} Based on average plant pay price for average test milk delivered to the plant.

Hauling charges vary with distance of the milk supplier from the cheese plant and with the relative concentration of dairy farms. Some plants vary the charge as a competitive device in order to attract and hold suppliers.

Each of the three factories accounted for its manufacturing costs in a somewhat different manner. The size of the factories had little, if any, effect on production costs: Lots 1 and 3 were produced in three-vat factories while Lot 2 was manufactured in a six-vat factory. The costs of manufacture as reported by the factories were remarkably similar (table 7).

Table 7.- Price received for the quantity of Cheddar cheese equivalent to 1 pound of processed cheese, cost of milk, manufacturing costs, and net margin, 3 lots, Wisconsin, 1956

Item	Lot 1	Lot 2	Lot 3
	Cents	Cents	Cents
Selling price:			
Basic price	29.1	31.7	31.2
Moisture premium	1.4	.8	---
Box allowance	---	.1	.1
Hauling allowance .....	.3	.2	.1
Total	30.8	32.8	31.4
Cost of milk:			
Cost, f.o.b. plant	30.1	30.4	30.3
Less value of cream recovered	2.2	1.7	2.2
Net cost	27.9	28.7	28.1
Plus manufacturing costs	4.1	4.2	4.1
Total costs	32.0	32.9	32.2
Net margin: Selling price less total costs	-1.2	-.1	-.8

A definite cost can be set for finished natural cheese but its future value will be determined by the grade into which it falls. Premiums are paid for a low moisture content.

The negative net margins for 2 of the 3 lots resulted from conditions that were not typical: For Lot 1 the Junior Grade 3/ quality resulted in a relatively low selling price, for Lot 2 the cream recovery was low. These conditions can be corrected by management without appreciable increases in cost.

Assembler's Costs and Margins

The assemblers operated on a relatively small margin considering the number of services they performed (table 8). These services included receiving the Cheddar cheese, testing for moisture and fat, grading, weighing, paraffining, and placing the cheese in temporary storage.

Table 8.- Price received by assembler from processor for the quantity of Cheddar cheese equivalent to 1 pound of processed cheese, assembly costs, and assembler's net margin, 3 lots, Wisconsin, 1956

Item	Lot 1	Lot 2	Lot 3
	Cents	Cents	Cents
Price received from processor	31.4	33.4	32.0
Assembler's costs:			
Price of cheese bought from manufacturer	30.8	32.8	31.5
Less "paraffin gain" .....	.2	.2	.3
Net cost of cheese	30.6	32.6	31.2
Plus assembly and other costs .....	.4	.5	.7
Total costs	31.0	33.1	31.9
Net margin: Price received from processor less costs .....	.4	.3	.1

The margin between the price paid the manufacturer and the price received from the processor does not always cover the cost of assembling. This margin is supplemented by what is known as the assembler's "paraffin gain," which results from the assembler's practice of buying on unparaffined weights and selling on paraffined weights. This paraffin gain, usually 1/2 pound per 72 to 74 pound cheddar, varies in monetary amounts according to the market value of each cheese.

Lots 2 and 3 were held in storage by the assembler for periods of 80 and 26 days, respectively. Each was then moved about 120 miles to a processor. Lot 1 went directly to a nearby processor who held the cheese 45 days before processing.

3/ State Brand and Junior Grade cheeses are roughly comparable to U. S. Grades A and B, respectively.

Costs and Margins for Processed Cheese Operations

In the processing operation, the cheese is cleaned, stripped of all paraffin and mold, cut into 15- to 20-pound sizes, and fed into a grinder which reduces the cheese into small granules approximately 1/8 inch in size. The granulated cheese is fed into a cooker holding 450 to 500 pounds of cheese. Proper amounts of coloring, salt, emulsifier, and water are added, and the batch is quickly heated to 160 degrees by means of steam injection. The entire process in the cooker takes only 5 minutes. From the cooker the melted cheese is emptied into a hopper which feeds the packaging machine.

In each case, Cheddars from the original sample lots were combined with other cheese in a "master blend." Careful consideration was given to the characteristics of the cheese used so that the "master blend" would have the desired flavor, age, acidity, moisture, and consistency when combined and cooked.

Since each of the three vat lots of Cheddars cheese was combined with other cheeses in a master blend and processed as explained above, the average price received by the assembler (table 8) differed from the weighted average cost of the raw cheese used in each batch of processed cheese (table 9).

Table 9.- Processor's selling price per pound, cost of an equivalent quantity of raw cheese, processing costs, and net margin, 3 lots of processed cheese, Wisconsin, 1956

Item	Lot 1	Lot 2	Lot 3
	Cents	Cents	Cents
Selling price	47.3	37.8	37.0
Costs:			
Raw cheese ^{1/}	29.9	32.1	30.4
Processing	10.8	5.5	2.9
Total	40.7	37.6	33.3
Net margin: Selling price less costs	6.6	.2	3.7

^{1/} Average cost of quantity of natural cheese equivalent to 1 pound of processed cheese, based on average price for all cheeses used in sample lots. The equivalent quantity allows for paraffin and trim losses and an overrun of approximately 7 percent resulting from the addition of steam and water to the basic ingredients.

Lot 1 was used in the production of a process loaf which, after a cooling period, was sliced and packaged in 1/2-pound packages. The costs of this dual operation were understandably high, 10.8 cents per pound.

Lot 2 was used in the production of a 2-pound loaf, a large volume item. The average cost of this operation during the 4-month period of study was 5.5 cents per pound.

Lot 3 was used in the production of 5-pound loaves, another item produced in volume by the processor. The reported cost figures of 2.9 cents per pound appear to be very close to those of other firms producing the same product.

Costs and Margins of Distributors

Lot 1 was sold directly to a 19-store chain located in a large eastern city. The chain paid the transportation charges, marked up the purchased price of the cheese 31 percent, and sold it for 62 cents per pound in each of its stores (table 11). This gave the chain a margin of 14.7 cents per pound to meet costs of transportation, warehousing, delivery to stores, stocking shelves, checking out, and other retail operations.

Processors of Lots 2 and 3 performed the wholesaling functions through their own organizations. Lot 2 was transferred (intraplant) at cost to the processor's local sales organization which sold it to independent supermarkets and to a large Midwest chain (table 10).

Lot 3 was sold to the processor's eastern sales branch at 37 cents per pound, delivered price. This sales branch utilized a public warehouse for storage; the overall operating costs were 1.75 cents per pound. This branch sold to wholesalers and jobbers.

Retailers' Costs and Margins

The 1/2-pound packages of sliced cheese (Lot 1), a popular item, were sold at a uniform price of 62.0 cents per pound in the chainstore. The 2-pound loaves (Lot 2) were sold at prices ranging from 47.5 cents to 49.5 cents per pound in the supermarkets and 52.5 cents per pound in the large chainstore (table 11). The supermarkets received the cheese at the store for 41.0 cents. The chain received it at its warehouse for 40.5 cents per pound.

The 5-pound loaf (Lot 3) was distributed to institutions and grocery and food specialty stores. In grocery stores it was generally sold in amounts cut to order from the loaf. The prices charged ran from 49 to 75 cents per pound cut from the loaf. The services performed by the retailer included ordering as needed, allowing space in the meat display cabinet, and cutting and wrapping the order.

Table 10.- Wholesaler's selling price per pound, costs, and net margin,
3 lots of Wisconsin processed cheese, 1956

Item	Lot 1 <u>1/</u>	Lot 2	Lot 3
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Selling price	---	40.8	40.5
Costs:			
Price paid for cheese	---	37.8	37.0
Transportation	---	---	<u>2/</u> 1.2
Other	---	2.2	1.7
Total	---	40.0	39.9
Net margin	---	8	6

1/ Lot 1 did not move through a wholesaler.

2/ Estimated.

Table 11.- Retail price per pound, retailer's purchase price,
and gross margin, 3 lots of Wisconsin processed cheese, 1956

Item	Lot 1	Lot 2	Lot 3
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Average retail price	62.0	49.9	62.0
Retailer's purchase price	47.3	40.8	40.5
Gross margin	14.7	9.1	21.5

Table 12.- Summary of gross and net marketing margins (before income taxes), per pound, 3 lots of Wisconsin processed cheese, 1956

Item	Lot 1	Lot 2	Lot 3
	Cents	Cents	Cents
Retail price	62.0	49.9	62.0
Less purchase price	47.3	40.8	40.5
Gross retail margin	14.7	9.1	21.5
Less costs <u>1/</u>	13.3	8.0	19.3
Net retail margin	1.4	1.1	2.2
Wholesale price	---	40.8	40.5
Less purchase price	---	37.8	37.0
Gross margin	---	3.0	3.5
Less transportation and other costs	---	2.2	2.9
Net margin	---	.8	.6
Processor's selling price	47.3	37.8	37.0
Less cost of raw cheese <u>2/</u>	29.9	32.1	30.4
Gross margin	17.4	5.7	6.6
Less processing costs	10.8	5.5	2.9
Net margin	6.6	.2	3.7
Assembler's selling price	31.4	33.4	32.0
Less net cost of cheese	30.6	32.6	31.2
Gross margin .....	.8	.8	.8
Less assembly and other costs .....	.4	.5	.7
Net margin .....	.4	.3	.1
Manufacturer's selling price	30.8	32.8	31.4
Less net cost of milk	27.9	28.7	28.1
Gross margin	2.9	4.1	3.3
Less manufacturing cost	4.1	4.2	4.1
Net margin	-1.2	-.1	-.8
Hauling cost paid by farmer	1.3	.9	1.3
Total gross marketing margin <u>3/</u>	37.1	23.6	37.0
Total net marketing margin <u>4/</u>	7.2	2.3	5.8

1/ Estimated.

2/ Differs from the assembler's selling price which is for only one of the natural cheeses which were blended in making each lot of processed cheese.

3/ Total marketing margin is not equal to the difference between the retail price and the net returns to farmers for milk because the average "blend" prices for natural cheese paid by processors differed from prices paid for individual lots of natural cheese covered by this study.

4/ Does not include net margin of haulers paid by farmers.

CHANGING TECHNOLOGY IN EGG MARKETING 1/

Increasing labor and equipment costs and the problem of maintaining reliable candling crews have forced egg marketing firms to search for more efficient methods of handling eggs. Until recently these firms have been somewhat slow to develop new methods. Now, however, electro-mechanical automation in handling, sizing, and cartoning eggs, and the spectro-photometric method of detecting blood spots in eggs are being tested and in some cases adopted by the egg industry.

New Equipment for Egg Handling and Inspection

Semiautomatic and automatic equipment for moving eggs to and from the candler, weighing, and cartoning have eliminated many manual operations and speeded the flow of eggs through some plants. In one system the candler inspects each egg for quality and places it in the proper grade rack. Electro-mechanical equipment then automatically sizes the eggs, shell-treats them when that is desired, places them in the proper cartons, closes the cartons, and delivers them to the packing tables where operators put them in shipping cases. Similar equipment delivers cartons and packing cases to the points in the plant where they are used at the time needed. The Agricultural Marketing Service conducted a cost study of one of these new systems which only recently had been installed in several plants on the Pacific coast. The study shows that savings have resulted from these recent innovations.

Although automatic equipment counts, sizes, and cartons eggs in some of the newer plants, hand candling continues. This operation limits efforts to speed the flow of eggs through the packing plant. The candler has to pick up each egg, twirl it before a light, ascertain the grade by observing certain exterior and interior factors, and place the egg in the proper grade rack. Although care in selecting candlers and training them to develop greater dexterity increases their output, candling remains a bottleneck. But introduction of electronic blood spot detectors and "flash candling" units promises to reduce the number of quality factors the candler inspects and, in some instances, may make hand candling unnecessary.

The flash candler is a device which lights the eggs from below as they move on a conveyer past an operator. The light enables the operator without individual handling of the eggs to detect and remove those with exterior defects such as cracks and dirty or misshapen shells and those having certain interior defects.

The electronic blood spot detector automatically removes eggs with blood spots from the conveyor line. It not only reduces the number of quality factors for which the candler inspects an egg, but checks conducted by the Agricultural Marketing Service in a plant in California indicate that it may be more accurate than visual candling. In this plant, some of the eggs handled were inspected for blood spots by candlers and others by electronic detectors. USDA egg graders found

1/ Prepared by O. C. Hester, Agricultural Economist, Market. Res. Div., Agr. Market. Serv.

that the electronic detector missed fewer blood spot eggs per 1,000 than did the candlers. Tests in this plant showed that when the blood spot detector was used in combination with hand candling, eggs were handled a little faster but the cost was slightly higher than without the detector.

The tests conducted by the AMS indicate that perhaps top quality eggs can be packed by a plant which substitutes electronic blood spot detectors and flash candling for hand candling, provided the plant receives eggs that have few quality defects other than blood spots. When laying flocks meet certain definable standards and proper production and handling practices are followed on the farm, on collection routes, and in the plant, defects can be greatly reduced. Blood spots are the principal cause of down grading when eggs are produced and handled under these conditions. A significant reduction in the cost of grading white eggs was obtained when electronic detectors and flash candlers were substituted for hand candling. A limitation of the electronic detector is that it can recognize blood spots in white eggs but not in brown eggs, as the pigment in brown shells is nearly the same color as blood.

Production and Marketing Implications

From these technological developments in egg handling and inspection, certain inferences may be drawn regarding their potential impact on producers, marketing practices, market organizations, and consumers. The trend toward large commercial egg producing units is likely to continue. The relatively large capital requirement for the installation on farms of adequate cooling and holding facilities necessary to maintain eggs at optimum temperature and humidity tends to limit production to larger units. Management requirements for these large units tend to make specialized egg production a single-enterprise farm operation rather than one of several on the farm.

To obtain the uniformly high quality needed when these automatic inspection devices are used, a plant often needs some measure of control over the production of eggs. This is one of several factors fostering integration in the production and marketing of eggs. A contract between producers or groups of producers and marketing firms on the west coast is one form of such integration. This arrangement assures dealers considerable control over volume supplied as well as quality. Another form of control is the production contracts developed by feed mills in the Midwest. Both the marketing and production contracts require that certain quality-maintaining practices be followed.

In order to use this automatic equipment efficiently, egg marketing firms must operate at a large volume. Competition to maintain sufficient volume may result in a reduction in the number of plants and economies in marketing. In the usual system, separate firms frequently perform the functions of collecting eggs from farms, grading and packing them, and distributing them to retailers and other buyers. To assure the needed quality control, a single firm would take over all these functions.

Changes in the structure of the market have brought adjustments in the price-making process. Direct selling by large plants to retailers and other buyers has reduced and probably will reduce further the volume of wholesale trading in bulk eggs. The price many egg buyers pay farmers is determined by subtracting a previously agreed upon discount from the wholesale market price. As the volume of wholesale trading declines, the wholesale price becomes less suitable for this use. In many markets the price to retailers now provides the basis for prices paid producers. Developments in this direction may be expected to continue.

Insofar as these technological changes bring about more efficient marketing, there will be gains to share among producers, consumers, and marketing firms. The relative bargaining strength of each group will affect the distribution of the gains.

GAINS AND LOSSES IN BUYING TURKEYS ON A LIVE-PRICE BASIS ^{1/}

The practice of buying turkeys from farmers on a ready-to-cook grade and yield basis is a more accurate method of valuing individual lots of turkeys than the traditional live, flock-run basis. But average differences in prices generally were small. Nevertheless, more and more turkey processors are adopting the ready-to-cook basis of buying because it assures farmers of a fair return on their birds. These are the principal conclusions of a preliminary study in Minnesota, Iowa, Wisconsin, and Virginia in the fall of 1957 comparing the values that buyers for 14 processors placed on 195 flocks of turkeys before processing with values determined on the basis of ready-to-cook grades and yields.

Of the 195 flocks, 101 were purchased on a live, flock-run basis. On 22 of these 101 flocks, records were obtained on buyers' estimates of expected yields and grades on each flock before slaughter. On 79 of the 101 flocks, records were available only of the average price paid. On the 94 flocks, purchased on the ready-to-cook basis, buyers estimated expected yields, grades, and live values before the birds were processed. For all flocks, data on the actual ready-to-cook yields, grades, and prices were obtained.

Buyers' estimates of expected yields and grades of turkeys purchased on a live, flock-run basis were obtained on 22 flocks before processing. These were compared with ready-to-cook yields and grades which were determined after processing. The results are shown in tables 13 and 14.

There was a slight tendency to underestimate yields on flocks with the larger average ready-to-cook yields and to overestimate the yields of flocks later found to have smaller yields. Among the 22 flocks, buyers estimated yields too high on 10 flocks and too low on 12. The error in percentage points ranged from only 0.2 to 5.4 points on the flocks on which yields were overestimated, and from 0.4 to 1.3 points on the flocks on which yields were underestimated.

Again there was a slight tendency toward overestimating the percentages of Grade A birds in the poorer quality flocks and to underestimate the gradeouts of the better flocks. Before processing, buyers overestimated the percentages of Grade A birds in 12 of the flocks and underestimated the gradeouts of 10 flocks. The error of overestimates ranged from only 0.2 point on one flock to 4.5 points on another. The error of underestimates ranged from 0.7 point to 4.0 points.

This apparent tendency to overvalue the poorer quality flocks and to undervalue the best lots of birds may be explained by: (1) The considerable competition among processors for turkeys -- some buyers deliberately erred in their valuations of some flocks so as to obtain the birds, and (2) buyers cannot estimate, on a live basis, ready-to-cook grades, yields, and values with full accuracy.

^{1/} Prepared by Earl H. Rinear, Agricultural Economist, Market. Res. Div., Agr. Market. Serv.

Table 13.- Differences between buyers' estimates (made before processing) of ready-to-cook yields and actual yields from 22 flocks of turkeys, 1957

Actual yield <u>1/</u>	Estimated yield higher than actual					
	Toms		Hens		Fryers	
	Average difference: Percentage points	Flocks	Average difference: Percentage points	Flocks	Average difference: Percentage points	Flocks
	Percent	Number	Percent	Number	Percent	Number
73 - 73.9 ...	---	---	---	---	5.43	1
78 - 78.9 ...	---	---	---	---	.56	1
79 - 79.9 ...	---	---	---	---	---	---
80 - 80.9 ...	1.62	1	.79	2	---	---
81 - 81.9 ...	.84	2	.79	2	---	---
82 - 82.9 ...	---	---	.19	1	---	---
Total ...	1.10	3	.67	5	2.99	2
	Estimated yield lower than actual					
	Average difference: Percentage points	Flocks	Average difference: Percentage points	Flocks	Average difference: Percentage points	Flocks
	Percent	Number	Percent	Number	Percent	Number
78 - 78.9 ...	---	---	---	---	.69	1
81 - 81.9 ...	---	---	.44	1	---	---
82 - 82.9 ...	1.33	2	.67	7	---	---
83 - 83.9 ...	.90	1	---	---	---	---
Total ...	1.19	3	.64	8	.69	1

1/ Ready-to-cook yield as a percentage of live weight.

Differences between buyers' estimates of yields and grades before processing and the actual grades and yields of the 94 flocks purchased on a ready-to-cook basis are similar to the differences for the 22 flocks shown in tables 13 and 14. Of the 94 flocks, yields were overestimated for 57 flocks and underestimated for 37 flocks. The error of overestimates ranged from 0.1 to 5.3 points. The error of underestimates ranged from 0.1 to 2.0 points. The largest differences occurred with turkey fryers, and buyers' estimates were on the high side, although all flocks were purchased on a ready-to-cook basis.

Of the 94 flocks, buyers estimated the percentage of Grade A birds too high for 53 flocks and too low for 41 flocks. The error of overestimates ranged from 0.3 to 9.6 points. The error of underestimates ranged from 1.3 to 3.9 points.

Table 14.- Differences between buyers' estimates (before processing) of percentage of birds in Grade A and actual percentage, 22 flocks of turkeys, 1957

Estimated percentage higher than actual						
Percentage in Grade A (gradeout)	Toms		Hens		Fryers	
	Average	Flocks	Average	Flocks	Average	Flocks
	difference:		difference:		difference:	
	Percentage points		Percentage points		Percentage points	
Percent		Number		Number		Number
75 - 79.9 ...	0.23	1	---	---	---	---
80 - 84.9 ...	4.51	2	1.51	1	---	---
85 - 89.9 ...	---	---	3.86	1	---	---
90 - 94.9 ...	---	---	1.37	5	2.30	1
95 and over :	---	---	---	---	.67	1
Total ...	3.09	3	1.75	7	1.48	2
Estimated percentage lower than actual						
80 - 84.9 ...	4.04	2	---	---	---	---
85 - 89.9 ...	---	---	---	---	---	---
90 - 94.9 ...	2.01	1	.66	3	2.73	1
95 and over :	---	---	3.68	3	---	---
Total ...	3.36	3	2.17	6	2.73	1

Average Flock-Run Prices and Computed Ready-To-Cook Prices

The judgment of buyers in estimating the yield and gradeout of live turkeys is reflected in the prices paid on a flock-run basis. Comparison of the flock-run prices with the computed ready-to-cook prices shows the following results: That buyers paid too much for 62 flocks, not enough for 27 flocks, and the correct amount for 12 flocks. The price differences ranged from less than 0.25 cent to more than 2.25 cents per pound on overpriced flocks and from less than 0.25 cent to more than 0.75 cent per pound on underpriced flocks. Price differences were less than 0.25 cent a pound on more than 40 percent of the 89 flocks (table 15).

Producers of the 62 flocks on which live prices were too high received \$7,034 more than receipts computed with ready-to-cook prices, or an average excess of 0.48 cent per pound. Producers of the 27 flocks on which live prices were too low received \$3,121 less than receipts computed with ready-to-cook prices, or an average shortage of 0.51 cent per pound (table 16).

Table 15.- Distribution of 89 flocks of turkeys by differences between live flock-run prices paid producers and computed values on a ready-to-cook basis, 1957 ^{1/}

Price difference ^{2/}	Live prices paid too high		Live prices paid too low	
	Distribution of flocks		Distribution of flocks	
Cents per pound	Number	Percent	Number	Percent
0 - .249	28	45.2	11	40.8
.25 - .499	9	14.5	6	22.2
.50 - .749	11	17.7	5	18.5
.75 - .999	4	6.5	5	18.5
1.00 - 1.249	5	8.1	---	---
1.25 - 1.499	2	3.2	---	---
1.50 - 1.749	1	1.6	---	---
1.75 - 1.999	1	1.6	---	---
2.25 - 2.499	1	1.6	---	---
Total	62	100.0	27	100.0

^{1/} This table does not include data for 12 lots (with a packed weight of 237,078 pounds) for which the live prices were estimated correctly.

^{2/} Differences between live flock-run prices paid producers and computed values on a ready-to-cook basis.

Table 16.- Distribution of tonnage of 89 flocks of turkeys purchased and payments to producers by differences between live prices paid and computed values on a ready-to-cook basis, 1957

Price difference ^{1/}	Live prices paid too high		Live prices paid too low	
	Volume	Difference in payment ^{2/}	Volume	Difference in payment ^{2/}
Cents per pound	Pounds	Dollars	Pounds	Dollars
0 - .249	570,915	533	271,223	423
.25 - .499	310,684	1,587	81,779	388
.50 - .749	332,352	2,729	103,246	704
.75 - .999	75,542	715	157,486	1,606
1.00 - 1.249	100,209	97	---	---
1.25 - 1.499	46,745	216	---	---
1.50 - 1.749	3,361	67	---	---
1.75 - 1.999	17,794	480	---	---
2.25 - 2.499	19,289	610	---	---
Total	1,476,891	7,034	612,734	3,121
Average price difference per pound :	0.476 cent		0.509 cent	

^{1/} Difference between live flock-run prices paid producers and computed values on a ready-to-cook basis.

^{2/} Difference between payment producers received and payment that would have been received if purchases had been made on a ready-to-cook basis.

It is evident from the information given in this preliminary report that the buyers in this study did considerable guessing in buying on an average flock-run price. Since the grower cannot know in advance what the estimate will be, he definitely takes a chance of gaining or losing when selling on an average flock-run price. The same applies to the processor only in reverse order.

Discussion of the comparative advantages of the two buying methods with the 14 processors revealed that nearly all of them preferred to buy on a ready-to-cook grade and yield basis. They stated that it was fair to both the grower and to the processor. A few processors even said "that they had lost so much money in buying on a flock-run basis that they could not afford to do business that way."

A survey of 32 randomly selected turkey growers in Minnesota and Wisconsin revealed that 27 preferred to sell turkeys on a ready-to-cook grade and yield basis, 3 preferred to sell at a flock-run average price, and 2 were undecided which method they liked best. Many of the growers stated that the ready-to-cook basis was the only fair way to sell, that there was no averaging of prices paid for good and poor flocks, and that each grower was paid what his birds were worth. Some of these growers had been selling on a grade and yield basis for 10 years. On the other hand, two of the growers who preferred to sell on a live, flock-run basis claimed they had not received fair treatment from the processors, and that too many birds were condemned or downgraded.

OWNERSHIP CHANGES WITHIN SELECTED FOOD INDUSTRIES —

A Progress Report 1/

A major development affecting agricultural marketing in the post-World War II period has been the growing size and scope of operations of some of the firms engaged in the processing and distributing of food products. This development is having important repercussions on producers of agricultural products through its effects on the markets in which they sell. Buyers tend to be larger and fewer in number. Their specifications as to product quality and uniformity are, in many cases, becoming more narrowly defined. Procurement of many commodities by retailers under these circumstances is continuing to shift from wholesale markets to processors, assemblers, and in some cases individual farmers. This in turn has weakened the position of many traditional markets as price-making centers and has fostered the testing of different methods in the pricing of commodities purchased from farmers. Numerous related developments associated with the changing size and degree of integration of marketing firms likewise have influenced markets in which agricultural products are sold.

One of the first requirements in assessing the present and future magnitude of these changes is to determine the extent of the growth of individual marketing firms and the principal factors accounting for this expansion. Certain data are available in reports based on trade journals and private financial manuals, articles by individual economists and private research agencies, and reports by congressional and other legislative and regulatory bodies.

For the most part, however, information from these sources concerning growth by acquisition or other means has been fragmentary and comparison among reports has been difficult because of definitional differences. As a result, there is no clear present picture of the extent to which firms marketing agricultural products have acquired other firms or of the principal economic characteristics of the acquired or acquiring firms.

In view of these limitations, the Department, with the cooperation of the baking, dairy, wholesale and retail food industries, and the U. S. Bureau of the Census is attempting to obtain information directly from marketing firms which will provide a more complete picture of growth by acquisition since 1946.

This progress report provides information obtained from a small sample of firms and enables a comparison of the effectiveness of this method with indirect methods of obtaining information. It indicates that the direct method is more satisfactory than reliance on data gathered from trade journals and financial manuals. Firms apparently will reply to a questionnaire in sufficient number to justify the use of this method. This study suggests that reliance on the direct method will ultimately provide more complete and dependable data as to number of acquisitions, size of acquiring company and of acquired units, method of acquisition, and other characteristics. However, this sample does not offer an adequate basis for projecting ultimate results, for it may not be a miniature image of the total population.

1/ Prepared by Paul E. Nelson, Jr., Agricultural Economic Consultant, Market. Res. Div., Agr. Market. Serv.

The Industries and the Sample

The sample was selected by the Bureau of the Census from the records for establishments collected in the 1954 Censuses of Manufactures and Business. It was restricted to dairy and bakery manufacturing establishments and to wholesale and retail food establishments.

The sample included every establishment with 250 or more employees and smaller establishments in proportion to their frequency in various size groups. This procedure yielded slightly less than 700 establishments which were attached to 303 companies. 2/ The survey questionnaire mailed to all companies in the sample requested data on a company -- rather than an establishment -- basis. 3/ In addition, a sample of 14 corporate dairy cooperatives, selected proportionate to size, was added.

This initial tabulation is based on replies from 96 of 142 dairies, 4/ 95 of 112 bakeries, 30 of 42 wholesalers, and 14 of the 21 retail companies receiving questionnaires. The sample as a whole averaged a 74 percent return.

Extent and Nature of Acquisitions

Of the 235 companies supplying data, 77 reported acquisition of other companies during the 11-year period 1946-56 (table 17). In total, 466 companies were acquired by those corporations reporting. Dairy companies accounted for more than 60 percent of the acquisitions reported by firms in the sample.

Information also was obtained showing the size of the companies making acquisitions and the size of the companies acquired. The percentages shown in table 18 were computed using as the base number of companies and acquisitions only those for which sales and employment data were reported, 5/ whereas the acquisitions data presented in table 17 include all acquisitions, even those for which employment size and value of sales data are not available. As will be seen from data in table 18, most acquiring companies had annual sales in excess of 1 million dollars. The relative importance of large firms -- those with annual sales of several hundred million dollars -- as compared with smaller firms in making acquisitions cannot be determined clearly from the information assembled thus far.

The acquired companies, for which value of sales information was reported, averaged much smaller in size than the acquiring companies, as is shown by data in table 19. Practically all companies acquired had annual sales of less than 1 million dollars.

2/ At the time of the 1954 Census there were approximately 10,200 companies within the dairy industry, 5,500 within the baking industry, 3,300 within the wholesale food trade, and 330,000 within the retail food trade.

3/ All corporations which operated at least 1 establishment with 250 employees or more in 1954 are in the sample. However, a company with a very large number of employees but operating establishments all with less than 250 employees might not have been selected.

4/ Corporate cooperatives are included.

5/ Several companies, because of the inadequacy of records for their earlier period, and in some instances for later periods as well, were unable to report the information for value of sales and for average employment, which the study requested.

Table 17.- Number of acquisitions and dispositions reported by
235 food marketing companies, 1946-56

Industry	Number of companies reporting	Number making acquisition	Number of acquisitions	Number of dispositions
	Number	Number	Number	Number
Dairy products	96	40	295	16
Bakery products	95	24	85	52
Wholesale food trade:	30	8	34	19
Retail food trade ..:	14	5	52	10
Total	235	77	466	97

Table 18.- Average annual volume of sales of companies making acquisitions,
reported by sample of food marketing companies, 1946-56

Average annual value of sales	Percentage of total number of companies ^{1/}			
	Dairy products	Bakery products	Wholesale food trade	Retail food trade
<u>1,000 dollars</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
100 - 999	6	1	2	0
1,000 - 999,999	87	99	98	60
1,000,000 or more ..:	7	0	0	40
Total	100	100	100	100

^{1/} Some companies reporting acquisitions did not report sales so
tables 17 and 18 do not relate to the same number of companies.

Table 19.- Average annual value of sales of companies acquired by a sample
of food marketing companies, 1946-56

Average annual value of sales	Percentage of total number of companies ^{1/}			
	Dairy products	Bakery products	Wholesale food trade	Retail food trade
<u>1,000 dollars</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Less than 100	34	7	16	10
100 - 999	46	44	36	39
1,000 - 999,999	19	49	48	51
1,000,000 or more ..:	^{2/}	0	0	0
Total	^{3/} 100	100	100	100

^{1/} Sales were not reported for some of the companies acquired, so
tables 17 and 19 do not relate to the same number of companies.

^{2/} Less than 0.5 percent.

^{3/} Above percentages do not add to 100 because of rounding.

Size of acquired company also may be measured by number of employees (table 20). Well over one-half of all acquired companies for which information was obtained had fewer than 50 employees and only occasionally companies had as many as 1,000 or more employees.

Table 20.- Number of persons employed during year previous to acquisition by companies acquired by a sample of food marketing companies, 1946-56

Number of employees:	Percentage of total number of companies ^{1/}			
	Dairy	Bakery	Wholesale	Retail
	products	products	food trade	food trade
	Percent	Percent	Percent	Percent
0 - 49	81	31	61	64
50 - 99	10	19	5	14
100 - 199	5	21	13	14
200 - 299	2	13	4	8
300 - 999	2	6	13	0
1,000 or more	^{2/}	10	4	0
Total	100	100	100	100

^{1/} Some companies reporting acquisitions did not report employment so tables 17 and 20 do not relate to the same number of companies.

^{2/} Less than 0.5 percent.

Of the 77 companies making acquisitions, 24 made only 1; 30 made from 2 to 4; 15 made from 5 to 9; and 8 made more than 10 but fewer than 80. Of these 77 companies, 52 made horizontal acquisitions, that is, within the same industry as classified according to the three digit Standard Industrial Classification system. Ten made a single industry crossover; that is, acquired one or more companies in some other 3-digit industry than the acquiring company; 13 made from 2 to 4 crossovers; and 2 made from 5 to 9 industry crossovers.

Of the total 466 acquisitions, 109 were proprietorships; 69 were partnerships; 269 were corporations; 3 were corporate cooperatives; and 11 were classified as other (table 21).

Table 21.- Form of business organization of units acquired by a sample of food marketing companies, 1946-56

Type of ownership	Percentage of total number of companies ^{1/}				Total number of companies
	Dairy	Bakery	Wholesale	Retail	
	products	products	food trade	food trade	
	Percent	Percent	Percent	Percent	Number
Proprietorship	32	5	3	21	109
Partnership	10	6	92	2	69
Corporation	52	88	0	77	269
Corporate cooperative :	3	0	0	0	8
Other	3	1	5	0	11
Total	100	100	100	100	466

Method of Acquisition

The method by which the acquisitions were accomplished varied by industry, and within each industry certain methods seemed to be more highly favored than others. In the dairy industry ^{6/} purchase of assets of the acquired company with cash accounted for 79 percent of the acquisitions, purchase of assets of the acquired company with stock of acquiring company accounted for 5 percent, purchase of stock with cash by private purchase accounted for 5 percent, purchase of stock of acquired company with stock of acquiring company accounted for 4 percent, consolidation by replacing stock of both acquired and acquiring company with stock of consolidated company accounted for 1 percent, acquisition of control of production or sales facilities by contract or lease accounted for 3 percent.

In the baking industry, purchase of assets of the acquired company with cash accounted for 54 percent, purchase of stock of the acquired company with cash -- private purchase -- 25 percent, purchase of stock of acquired company with stock of acquiring company, 18 percent. For the wholesale industry, purchase of assets of acquired company with cash accounted for 58 percent; purchase of stock of acquired company with cash -- private purchase -- 18 percent; purchase of stock of acquired company with stock of acquiring company, 9 percent; acquisition of control by contract or lease, 6 percent. For the retail industry, purchase of assets of acquired company with cash, 68 percent; purchase of assets of acquired company with stock of acquiring company, 16 percent; purchase of stock of acquired company with cash -- private purchase -- 14 percent.

Not only did the sample companies make acquisitions, they simultaneously were making dispositions. While they made a total of 466 acquisitions they made 97 dispositions (table 17). The dairy industry made 16 dispositions in contrast with 295 acquisitions, bakeries made 52 dispositions in comparison with 85 acquisitions, wholesale companies acquired 34 and disposed of 19, and retailers acquired 52 and disposed of 10.

For the companies reporting disposal methods, two predominated: Sale of assets of disposed companies for cash accounted for 39 percent, and operations entirely discontinued and assets liquidated piecemeal accounted for 18 percent.

Comparison with Studies Based on Indirect Sources of Information

The Federal Trade Commission report of acquisitions for the years 1948 to 1954, listed the following: Dairy products, 97; bakery products, 26; wholesale trade, 14; and retail trade, 1. ^{7/}

^{6/} Since in some cases more than one acquisition method was reported for making an acquisition, the totals of methods used for acquisitions do not compare with the total of acquisitions made. Therefore, the application of percentages used in this section to the total of acquisitions made will not yield the number of times a given method of acquisition was used.

^{7/} Committee on the Judiciary, House of Representatives, 84th Congress, 1st Session, pursuant to H. Rep. 22, Interim Report, the Antitrust Subcommittee (Subcommittee No. 5). Pp. 48-57. This report listed the information on which the Federal Trade Commission based a report which they had previously issued.

The AMS survey here reported shows 162 acquisitions by dairy companies during the 7-year period 1948 to 1954, 37 acquisitions by baking companies, 11 acquisitions by wholesale companies, and 21 acquisitions by retail companies. Total acquisitions during this 7-year period aggregated 231.

Mueller, who used the same financial journals as the Federal Trade Commission but included trade journals, found 1,062 acquisitions. The AMS survey tends to support Mueller's contention that reports based essentially on financial journals and other indirect sources probably understate acquisition activity. ^{8/} The Bureau of the Census reports that in several cases (fewer than 10) companies listed in the FTC report also happened to fall in the pilot sample. A total of 62 more acquisitions by these companies were reported in the pilot sample for the period 1948-54. Dependence on published reports as a source of information also may result in the missing completely of some companies which acquired firms by merger or other methods. On the other hand, direct reports may not be free of error, and the greater the period of time covered by the report the greater the possibility of inaccuracy for the earlier portion of the report period. Although both the FTC study and the pilot study reflect slightly higher yearly rates of acquisition for the period 1950-54 than for the period 1948-50, this may not necessarily mean an upward trend in acquisition activity. It may reflect less adequate coverage because records available to reporting companies for earlier years are less complete. Also, earlier records frequently do not include reports of acquisitions made by companies which later were acquired by companies during the period covered by the pilot study.

^{8/} Mueller, Willard F., "A Comment on the FTC's Report on Mergers," Journal of Farm Economics, Feb. 1957, pp. 140-155.

SELECTED NEW PUBLICATIONS

1. "Consumption and Demand, Fluid Milk and Fluid Milk Substitutes in the Urban South," by F. L. Corty and J. C. Purcell, Miss. Agr. Expt. Sta., Oct. 1957. (Southern Cooperative Series Bul. 53. Agr. Expt. Stas. of Ala., Ark., Ga., La., Miss., N. C., S. C., Tenn., Tex., and USDA cooperating.)
2. "Declining Numbers of Live Poultry Dealers in New England; Causes and Effects," by George B. Rogers, Edwin T. Bardwell, and Dister L. Deoss, N. H. Agr. Expt. Sta. Agr. Econ. Res. Mimeog. 16, Dec. 1957. (Univ. of Mass. and AMS cooperating.)
3. "Economic Evaluation of Color in Domestic Wool," by Frederick J. Poats and Willie Fong, U. S. Dept. Agr. Market. Res. Rpt. 204, Nov. 1957.
4. "Effects and Costs of Cleaning Lint in Arkansas Cotton Gins," by C. Curtis Cable, Jr., and Zolon M. Looney, Ark. Agr. Expt. Sta. Bul. 595, Dec. 1957. (AMS cooperating.)
5. "Egg Marketing by Commercial Producers in the South," by Ewell P. Roy, La. Agr. Expt. Sta., June 1957. (Southern Cooperative Series Bul. 50. Agr. Expt. Stas. of Ala., Ark., Ga., La., Miss., N. C., P. R., S. C., Tenn., Tex., Va., and AMS cooperating.)
6. "Homemakers Appraise Citrus Products, Avocados, Dates, and Raisins," by Esther S. Hochstim, Agr. Market. Serv. Prelim. Summary Rpt. 207, Sept. 1957.
7. "Improved Methods of Trimming Produce in Retail Food Stores," by Dale L. Anderson and Paul F. Shaffer, U. S. Dept. Agr., Market. Res. Rpt. 192, Aug. 1957.
8. "Labor and Power Utilization at Cottonseed Oil Mills," by Julia A. Mitchell, Donald Jackson, and C. B. Gilliland, U. S. Dept. Agr., Market. Res. Rpt. 218, Feb. 1958.
9. "Lamb Availability and Merchandising in Retail Stores," by Harry O. Doty, Jr., U. S. Dept. Agr. Market. Res. Rpt. 207, Jan. 1958.
10. "Market Outlets for Livestock Producers," by Victor B. Phillips and Gerald Engelman, U. S. Dept. Agr., Market. Res. Rpt. 216, Mar. 1958.
11. "Marketing Aspects of Fattening Lambs in Colorado, Idaho, Montana, New Mexico, and Utah, 1954-55," by Lynn H. Davis, Utah Agr. Expt. Sta., Western Region. Bul. 402, Nov. 1957. (Agr. Expt. Stas. of the Western States and USDA cooperating.)
12. "Pricing Eggs at Wholesale in New York City," by John O. Gerald and Norris T. Pritchard, U. S. Dept. Agr. Market. Res. Rpt. 210, Jan. 1958.
13. "Pricing Soybeans -- An Economic Appraisal of Alternative Methods," by H. N. Doughty, Agr. Market. Serv. Prelim. Rpt. 229, Feb. 1958.
14. "Production and Marketing Practices for Mellorine -- A Study of the Marketing of Frozen Desserts," by the staff of the Univ. of Kans. Bur. of Business Res. under contract with the USDA. U. S. Dept. Agr., Market. Res. Rpt. 212, Feb. 1958.
15. "Restaurant Acceptance of Dehydrofrozen Peas," by Edward J. McGrath and Morris W. Sills, U. S. Dept. Agr., Market. Res. Rpt. 198, Oct. 1957.
16. "Results of a Promotional Campaign for Lamb in Sacramento, Calif.," by V. Davis Grubbs, Wendell E. Clement, and J. Scott Hunter, U. S. Dept. Agr., Market. Res. Rpt. 200, Oct. 1957.
17. "Suggested Layouts for Warehouses for Service Wholesalers of Fruits and Vegetables," by Robert K. Bogardus, Agr. Market. Serv. Rpt. 228, Feb. 1958.

18. "Survey of the Pacific Coast Frozen Fruit and Vegetable Processing Industry," by Robert H. Reed, Calif. Agr. Expt. Sta. Mimeog. Rpt. 198, Sept. 1957. (Giannini Foundation of Agr. Econ. and AMS cooperating.) This report is the first in a series on the competitive position of the western frozen fruit and vegetable industry.
19. "The Probable Impact of Milk Concentrates on the Fluid Milk Market," by A. G. Mathis, U. S. Dept. Agr., Market Res. Rpt. 208, Feb. 1958.
20. "The Special Milk Program — Its Effect on Consumption in St. Louis and Los Angeles Schools," by Kenneth E. Anderson, U. S. Dept. Agr., Market. Res. Rpt. 209, Jan. 1958.

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:	:	
:	Publications issued by State Agricultural Experiment	:
:	Stations may be obtained from the issuing Station.	:
:	:	:

Table 22.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, January-March 1958 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,054.23	---	---	435.72	618.51	41
Meat products			282.31	---	---	161.51	120.80	57
Dairy products			195.82	---	---	89.21	106.61	46
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	98.46	---	---	62.65	35.81	64
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			159.05	---	---	31.78	127.27	20
Grain			---	26.83	3.10	23.73	---	15
All fruits and vegetables			230.89	---	---	70.26	160.63	30
Fresh fruits and vegetables			140.92	---	---	53.89	87.03	38
Fresh vegetables			78.34	---	---	29.69	48.65	38
Processed fruits and vegetables			89.96	---	---	16.36	73.60	18
Fats and oils			44.97	---	---	13.21	31.76	29
Miscellaneous products			42.73	---	---	7.10	35.63	17
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	78.2	54.1	4.1	50.0	28.2	64
Lamb (Choice grade)	2.41 lb. lamb	Pound	74.8	52.3	9.0	43.3	31.5	58
Pork (retail cuts)	2.13 lb. hogs	Pound	63.1	42.1	6.0	36.1	27.0	57
Butter	Cream and whole milk	Pound	74.8	---	---	51.8	23.0	69
Cheese, American process	Milk for American cheese	Pound	58.2	---	---	29.0	29.2	50
Ice cream	Cream and milk	Pint	29.7	---	---	3/5.6	24.1	19
Milk, evaporated	Milk for evaporating	1 1/2 ounce can	15.0	---	---	6.4	8.6	43
Milk, fluid	Wholesale fluid milk	Quart	24.9	---	---	11.0	13.9	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	48.5	---	---	28.2	20.3	58
Eggs	1.03 doz.	Dozen	59.0	---	---	39.9	19.1	68
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.1	---	---	3.2	15.9	17
Wheat .....	.894 lb. wheat	Pound	---	2.9	.3	2.6	16.5	14
Crackers, soda	1.40 lb. wheat	Pound	29.2	4.5	.5	4.0	25.2	14
Corn flakes	1.57 lb. white corn	12 ounces	25.1	4.6	1.2	3.4	21.7	14
Corn meal	1.34 lb. white corn	Pound	12.9	3.9	.4	3.5	9.4	27
Flour, white	7.0 lb. wheat	5 pounds	55.3	22.4	2.3	20.1	35.2	36
Rolled oats	2.31 lb. oats	18 ounces	20.2	4.4	.7	3.7	16.5	18
Apples	1.08 lb. apples	Pound	13.5	---	---	5.3	8.2	39
Grapefruit	1.04 grapefruit	Each	12.1	---	---	2.4	9.7	20
Lemons	1.04 lb. lemons	Pound	19.1	---	---	4.3	14.8	23
Oranges	1.04 doz. oranges	Dozen	65.2	---	---	23.8	41.4	37
Beans, green ^{4/}	1.09 lb. snap beans	Pound	39.6	---	---	21.4	18.2	54
Cabbage	1.10 lb. cabbage	Pound	10.3	---	---	3.4	6.9	33
Carrots	1.06 lb. carrots	Pound	15.9	---	---	3.7	12.2	23
Celery	1.11 lb. celery	Pound	14.9	---	---	4.7	10.2	32
Lettuce	1.41 lb. lettuce	Head	18.4	---	---	6.5	11.9	35
Onions	1.06 lb. onions	Pound	9.7	---	---	3.5	6.2	36
Potatoes	10.42 lb. potatoes	10 pounds	64.6	---	---	24.8	39.8	38
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	15.5	---	---	6.0	9.5	39
Tomatoes	1.18 lb. tomatoes	Pound	41.9	---	---	16.4	25.5	39
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	34.7	---	---	7.3	27.4	21
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	34.2	---	---	6.0	28.2	18
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.0	---	---	2.7	12.3	18
Corn, canned	2.49 lb. sweet corn	No. 303 can	17.5	---	---	2.4	15.1	14
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.2	---	---	3.1	18.1	15
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.7	---	---	2.3	13.4	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	23.4	---	---	6.0	17.4	26
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.1	---	---	4.7	21.4	18
Beans, green, frozen .....	.71 lb. beans for freezing	9 ounces	22.5	---	---	4.4	18.1	20
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.6	---	---	3.2	16.4	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	16.8	---	---	7.8	9.0	46
Dried prunes .....	.97 lb. dried prunes	Pound	33.0	---	---	8.9	24.1	27
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.7	---	---	8.4	21.3	28
Peanut butter	1.77 lb. peanuts	Pound	54.1	---	---	17.4	36.7	32
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.8	---	---	7.1	30.7	19
Vegetable shortening	Soybeans and cottonseed	3 pounds	95.3	---	---	30.3	65.0	32
Corn sirup	1.90 lb. corn	24 ounces	25.2	3.3	.7	2.6	22.6	10
Sugar	38.28 lb. sugar beets	5 pounds	55.6	21.0	1.0	5/20.0	5/35.6	5/36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Includes farm value of cream and milk only.

^{4/} 2-month averages.

^{5/} Net farm value adjusted for Government payments to producer was 24.2 cents, farm-retail spread adjusted for Government processor tax was 32.9 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Preliminary estimates.

Table 23.- Farm food products: Retail cost and farm value, January-March 1958, October-December 1957, January-March 1957 and 1947-49 average 1/

Product 2/	Retail unit	Retail cost						Net farm value 3/					
		Jan.-	Oct.-	Jan.-	Jan.-	Percentage change:	Jan.-	Oct.-	Jan.-	Percentage change:	Jan.-	Oct.-	Jan.-
		Mar.	Dec.	Mar.	1947-49	Jan.-Mar. 1958	Mar.	Dec.	Mar.	1947-49	Mar.	Dec.	Mar.
		1958	1957	1957	average	from -	1958	1957	1957	average	1958	1957	1957
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket		1,054.23	5/1,015.06	982.15	940.09	+4	+7	435.72	5/407.16	385.40	466.02	+7	+13
Meat products		282.31	5/262.79	244.44	256.08	+7	+15	161.51	5/143.72	5/123.86	170.90	+12	+30
Dairy products		195.82	5/195.96	189.76	169.28	6/	+3	89.21	5/90.88	5/88.81	91.66	-2	6/
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	98.46	5/100.73	90.68	117.01	-2	+9	62.65	63.70	5/54.35	80.69	-2	+15
Bakery and cereal products		159.05	5/158.07	154.81	121.96	+1	+3	31.78	5/31.61	5/33.47	34.97	+1	-5
All ingredients		---	---	---	---	---	---	23.73	5/23.90	5/24.67	24.96	-1	-4
Grain		230.89	5/210.10	214.70	184.68	+10	+8	70.26	5/56.83	5/61.96	60.93	+24	+13
All fruits and vegetables		140.92	5/122.29	125.27	103.91	+15	+12	53.89	5/39.85	5/44.19	42.91	+35	+22
Fresh fruits and vegetables		78.34	5/63.99	66.19	53.17	+22	+18	29.69	5/20.48	5/19.97	22.97	+45	+49
Processed fruits and vegetables		89.96	5/87.81	89.43	---	+2	+1	16.36	5/16.97	17.77	---	-4	-8
Fats and oils		44.97	5/45.00	45.70	52.21	6/	-2	13.21	13.29	15.68	19.84	-1	-16
Miscellaneous products		42.73	5/42.41	42.06	38.87	+1	+2	7.10	5/7.13	7.27	7.03	6/	-2
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	78.2	73.1	66.4	68.5	+7	+18	50.0	45.7	37.4	48.5	+9	+34
Lamb (Choice grade)	Pound	74.8	5/70.1	62.2	63.9	+7	+20	43.3	39.7	35.4	44.2	+9	+22
Pork (retail cuts)	Pound	63.1	59.2	56.8	59.4	+7	+11	36.1	32.1	30.5	39.7	+12	+18
Butter	Pound	74.8	75.1	74.2	79.4	6/	+1	51.8	51.6	51.7	59.3	6/	6/
Cheese, American process	Pound	58.2	5/57.9	57.4	52.6	+1	+1	29.0	28.8	29.4	32.0	+1	-1
Ice cream	Pint	29.7	29.5	29.1	---	+1	+2	5.6	5.6	5.6	---	0	0
Milk, evaporated	14 1/2 ounce can	15.0	14.7	14.3	13.7	+2	+5	6.4	6.3	6.5	7.1	+2	-2
Milk, fluid	Quart	24.9	25.0	23.9	20.1	6/	+4	11.0	11.4	10.9	10.6	-4	+1
Chickens, frying, ready-to-cook	Pound	48.5	5/45.0	48.1	---	+8	+1	28.2	23.1	26.1	---	+22	+8
Eggs	Dozen	59.0	5/64.5	51.3	66.7	-9	+15	39.9	45.6	33.2	48.0	-12	+20
Bread, white													
All ingredients	Pound	19.1	19.0	18.5	13.5	+1	+3	3.2	3.2	3.3	3.3	0	-3
Wheat	Pound	---	---	---	---	---	---	2.6	2.6	2.7	2.7	0	-4
Crackers, soda	Pound	29.2	29.1	28.4	---	6/	+3	4.0	4.1	4.2	---	-2	-5
Corn flakes	12 ounces	25.1	5/23.7	22.9	17.1	+6	+10	3.4	3.2	2.9	3.2	+6	+17
Corn meal	Pound	12.9	12.8	12.7	11.8	+1	+2	3.5	3.3	3.0	3.6	+6	+17
Flour, white	5 pounds	55.3	54.8	54.1	48.4	+1	+2	20.1	5/20.3	21.1	21.0	-1	-5
Roller oats	18 ounces	20.2	1/20.1	1/19.3	16.1	6/	+5	3.7	1/3.8	1/4.4	5.4	-3	-16
Apples	Pound	13.5	5/12.4	15.3	11.9	+9	-12	5.3	4.9	7.4	5.4	+8	-28
Grapefruit	Each	12.1	5/8/11.2	11.1	8.5	+8	+9	2.4	8/2.3	2.1	1.4	+4	+14
Lemons	Pound	19.1	5/18.9	20.6	17.7	+1	-7	4.3	4.0	5.8	5.7	+8	-26
Oranges	Dozen	65.2	5/61.2	54.5	46.6	+7	+20	23.8	16.4	17.7	12.6	+45	+34
Beans, green	Pound	8/39.6	5/23.1	30.3	21.1	+71	+31	8/21.4	8.9	13.3	9.3	+140	+61
Cabbage	Pound	10.3	5/8.0	8.9	6.9	+29	+16	3.4	2.1	2.3	1.9	+62	+48
Carrots	Pound	15.9	5/16.5	13.3	11.1	-4	+20	3.7	5.1	2.0	4.0	-27	+85
Celery	Pound	14.9	5/13.4	16.4	---	+11	-9	4.7	3.3	5.3	---	+42	-11
Lettuce	Head	18.4	5/17.5	16.3	14.5	+5	+13	6.5	5.8	5.2	6.3	+12	+25
Onions	Pound	9.7	5/8.2	8.3	8.4	+18	+17	3.5	2.2	2.7	3.7	+59	+30
Potatoes	10 pounds	64.6	5/56.7	55.9	51.9	+14	+16	24.8	5/17.0	5/15.1	25.6	+46	+64
Sweetpotatoes	Pound	15.5	5/12.8	13.5	11.6	+21	+15	6.0	4.4	5.0	4.8	+36	+20
Tomatoes	Pound	41.9	5/27.5	30.8	---	+52	+36	16.4	10.6	9.1	---	+55	+80
Orange juice, canned	46 ounce can	34.7	5/33.9	37.7	---	+2	-8	7.3	9.5	10.5	---	-23	-30
Peaches, canned	No. 2-1/2 can	34.2	5/34.4	34.5	31.5	-1	-1	6.0	6.0	6.7	5.3	0	-10
Beans with pork, canned	16 ounce can	15.0	14.8	14.7	---	+1	+2	2.7	2.6	2.2	---	+4	+23
Corn, canned	No. 303 can	17.5	17.3	17.2	16.7	+1	+2	2.4	2.4	2.5	2.7	0	-4
Peas, canned	No. 303 can	21.2	21.4	21.4	21.4	-1	-1	3.1	3.1	3.2	3.0	0	-3
Tomatoes, canned	No. 303 can	15.7	15.3	14.9	14.2	+3	+5	2.3	2.3	2.4	2.6	0	-4
Orange juice concentrate, frozen	6 ounce can	23.4	5/18.2	19.0	---	+29	+23	6.0	5.9	7.0	---	+2	-14
Strawberries, frozen	10 ounces	26.1	5/25.6	28.3	---	+2	-8	4.7	5/4.7	7.4	---	0	-36
Beans, green, frozen	9 ounces	22.5	1/22.2	1/21.0	---	+1	+7	4.4	1/4.4	1/4.5	---	0	-2
Peas, frozen	10 ounces	19.6	19.6	20.0	---	0	-2	3.2	3.2	5/3.4	---	0	-6
Dried beans (navy)	Pound	16.8	5/16.4	16.0	19.9	+2	+5	7.8	7.3	6.3	9.7	+7	+24
Dried prunes	Pound	33.0	33.0	34.5	23.1	0	-4	8.9	5/9.2	9.5	8.8	-3	-6
Margarine, colored	Pound	29.7	29.7	30.4	39.7	0	-2	8.4	8.6	10.1	12.2	-2	-17
Peanut butter	Pound	54.1	53.8	53.5	---	+1	+1	17.4	18.5	19.7	---	-6	-12
Salad dressing	Pint	37.8	37.4	36.7	37.8	+1	+3	7.1	7.1	8.3	10.0	0	-14
Vegetable shortening	3 pounds	95.3	5/95.8	100.0	105.6	-1	-5	30.3	31.2	36.6	46.2	-3	-17
Corn sirup	24 ounces	25.2	25.0	24.6	---	+1	+2	2.6	5/2.7	3.2	---	-4	-19
Sugar	5 pounds	55.6	5/55.5	54.6	48.4	6/	+2	20.0	20.0	20.0	19.4	0	0

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

4/ Preliminary estimates.

5/ Revised.

6/ Less than 0.5 percent.

7/ Data for this item revised because of change in retail unit.

8/ 2-month average.

Table 24.- Farm food products: Farm-retail spread and farmer's share of the retail cost, January-March 1958, October-December 1957, January-March 1957, and 1947-49 average 1/

Product 2/	Retail unit	Farm-retail spread 3/				Farmer's share					
		Jan.-Mar. 1958	Oct.-Dec. 1957	Jan.-Mar. 1957	1947-49 average	Percentage change from -		Jan.-Mar. 1958	Oct.-Dec. 1957	Jan.-Mar. 1957	1947-49 average
		Oct.-Dec. 1957	Jan.-Mar. 1957	Oct.-Dec. 1957	Jan.-Mar. 1957	Oct.-Dec. 1957	Jan.-Mar. 1957	Oct.-Dec. 1957	Jan.-Mar. 1957	Oct.-Dec. 1957	Jan.-Mar. 1957
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket .....	(	618.51	5/607.90	596.75	474.07	+2	+4	41	40	39	50
Meat products .....	(	120.80	5/119.07	120.58	85.18	+1	6/	57	55	51	67
Dairy products .....	(	106.61	5/105.08	100.95	77.62	+1	+6	46	46	47	54
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	35.81	5/37.03	36.33	36.32	-3	-1	64	5/63	60	69
Bakery and cereal products	(	127.27	5/126.46	121.34	86.99	+1	+5	20	20	22	29
All ingredients	(	---	---	---	---	---	---	15	15	16	20
Grain .....	(	160.63	5/153.27	152.74	123.75	+5	+5	30	27	29	33
All fruits and vegetables	(	87.03	5/82.44	81.08	61.00	+6	+7	38	5/33	35	41
Fresh fruits and vegetables	(	48.65	5/43.51	46.22	30.20	+12	+5	38	32	30	43
Fresh vegetables .....	(	73.60	5/70.84	71.66	---	+4	+3	18	19	20	---
Processed fruits and vegetables	(	31.76	5/31.71	30.02	32.37	6/	+6	29	30	34	38
Fats and oils .....	(	35.63	35.28	34.79	31.84	+1	+2	17	17	17	18
Miscellaneous products .....	(	Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	28.2	27.4	29.0	20.0	+3	-3	64	63	56	71
Lamb (Choice grade)	Pound	31.5	5/30.4	26.8	19.7	+4	+18	58	57	57	69
Pork (retail cuts)	Pound	27.0	27.1	26.3	19.7	6/	+3	57	54	54	67
Butter	Pound	23.0	23.5	22.5	20.1	-2	+2	69	69	70	75
Cheese, American process	Pound	29.2	29.1	28.0	20.6	6/	+4	50	50	51	61
Ice cream	Pint	24.1	23.9	23.5	---	+1	+3	19	19	19	---
Milk, evaporated	14 1/2 ounce can	8.6	8.4	7.8	6.6	+2	+10	43	43	45	52
Milk, fluid	Quart	13.9	13.6	13.0	9.5	+2	+7	44	46	46	53
Chickens, frying, ready-to-cook	Pound	20.3	5/21.9	22.0	---	-7	-8	58	5/51	54	---
Eggs	Dozen	19.1	5/18.9	18.1	18.7	+1	+6	68	5/71	65	72
Bread, white	(	15.9	15.8	15.2	10.2	+1	+5	17	17	18	24
All ingredients	(	16.5	16.4	15.8	---	+1	+4	14	14	15	20
Wheat .....	(	25.2	25.0	24.2	---	+1	+4	14	14	15	---
Crackers, soda	Pound	21.7	5/20.5	20.0	13.9	+6	+9	14	14	13	19
Corn flakes	12 ounces	9.4	9.5	9.7	8.2	-1	-3	27	26	24	31
Corn meal	Pound	35.2	5/34.5	33.0	27.4	+2	+7	36	37	39	43
Flour, white	5 pounds	16.5	1/16.3	1/14.9	10.7	+1	+11	18	19	23	34
Rolled oats	18 ounces	8.2	5/7.5	7.9	6.5	+9	+4	39	5/40	48	45
Apples	Pound	9.7	5/8.9	9.0	7.1	+9	+8	20	5/8/21	19	16
Grapefruit	Each	14.8	5/14.9	14.8	12.0	-1	0	23	5/21	28	32
Lemons	Pound	41.4	5/44.8	36.8	34.0	-8	+12	37	27	32	27
Oranges	Dozen	8/18.2	5/14.2	17.0	11.8	+28	+7	8/54	5/39	44	44
Beans, green	Pound	6.9	5/5.9	6.6	5.0	+17	+5	33	26	26	28
Cabbage	Pound	12.2	5/11.4	11.3	7.1	+7	+8	23	31	15	36
Carrots	Pound	10.2	5/10.1	11.1	---	+1	-8	32	25	32	---
Celery	Pound	11.9	5/11.7	11.1	8.2	+2	+7	35	5/33	32	43
Lettuce	Head	6.2	5/6.0	5.6	4.7	+3	+11	36	27	33	44
Onions	Pound	39.8	5/39.7	5/40.8	26.3	6/	-2	38	30	27	49
Potatoes	10 pounds	9.5	5/8.4	8.5	6.8	+13	+12	39	5/34	37	41
Sweetpotatoes	Pound	25.5	5/16.9	21.7	---	+51	+18	39	5/39	30	---
Tomatoes	Pound	27.4	5/24.4	27.2	---	+12	+1	21	28	28	---
Orange juice, canned	46 ounce can	28.2	5/28.4	27.8	26.2	-1	+1	18	17	19	17
Peaches, canned	No. 2-1/2 can	12.3	12.2	12.5	---	+1	-2	18	18	15	---
Beans with pork, canned	16 ounce can	15.1	14.9	14.7	14.0	+1	+3	14	14	15	16
Corn, canned	No. 303 can	18.1	18.3	18.2	18.4	-1	-1	15	14	15	14
Peas, canned	No. 303 can	13.4	13.0	12.5	11.6	+3	+7	15	15	16	18
Tomatoes, canned	No. 303 can	17.4	5/12.3	12.0	---	+41	+45	26	32	37	---
Orange juice concentrate, frozen	6 ounce can	21.4	20.9	20.9	---	+2	+2	18	5/18	26	---
Strawberries, frozen	10 ounces	18.1	1/17.8	1/16.5	---	+2	+10	20	20	7/21	---
Beans, green, frozen	9 ounces	16.4	16.4	5/16.6	---	0	-1	16	16	5/17	---
Peas, frozen	10 ounces	9.0	5/9.1	9.7	10.2	-1	-7	46	45	39	49
Dried beans (navy)	Pound	24.1	5/23.8	25.0	14.3	+1	-4	27	5/28	28	38
Dried prunes	Pound	21.3	21.1	20.3	27.5	+1	+5	28	29	33	31
Margarine, colored	Pound	36.7	35.3	33.8	---	+4	+9	32	34	37	---
Peanut butter	Pound	30.7	30.3	28.4	27.8	+1	+8	19	19	23	26
Salad dressing	Pint	65.0	5/64.6	63.4	59.4	+1	+3	32	33	37	44
Vegetable shortening	3 pounds	22.6	5/22.3	21.4	---	+1	+6	10	11	13	---
Corn sirup	24 ounces	35.6	5/35.5	34.6	29.0	6/	+3	36	36	37	40
Sugar	5 pounds										

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table 23.

4/ Preliminary estimates.

5/ Revised.

6/ Less than 0.5 percent.

7/ Data for this item revised because of change in retail unit.

8/ 2-month average.

U. S. Department of Agriculture
Washington 25, D. C.

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